REAL ESTATE ROUNDUP

PETER MITHAM

Concert Properties eyeing opportunities in economically distressed Ontario

Land of opportunities

Driving last week through southern Ontario, where paint fades on the brick of century-old factories and warehouses in a landscape filled with sale and lease signs touting ongoing opportunities, it was clear that B.C. is in an enviable position.

While industrial vacancies in Canada's manufacturing heartland were 5% at the end of the first quarter (add in available space, and the rate was 6.2%), further job losses and the shuttering of some auto manufacturing plants will likely contribute to rising vacancies when the second quarter ends later this month. It's a similar story for Greater Toronto's office market, with vacancies edging up in the first quarter to 5.1% and space returning across the region.

Vancouver-based **Concert Properties Ltd.**, which counts about two million square feet of Greater Toronto space among its $1.3 billion in assets, says the leasing market has definitely softened from a year ago, but its own portfolio has been resilient. Its properties cater to logistics and distribution users rather than manufacturers, meaning Concert has avoided challenges facing landlords in communities anchored by automakers.

The softening is creating opportunities for Concert to acquire well-located assets, said **Andrew Tong**, Concert's senior vice-president of acquisitions and dispositions.

"It's a market that makes sense," Tong said of the long-term strength of Greater Toronto. "We think this is a good time to buy."

A downward shift in pricing also makes purchasing a more attractive option these days on the West Coast, too, but unlike Toronto, there are fewer opportunities thanks to a short supply of product.

> **"We think this is a good time to buy"**
>
> – Andrew Tong, senior vice-president of acquisitions and dispositions, Concert Properties Ltd.

Indeed, the latest figures from **BC Statistics** indicate that building-permit volumes dropped 54.3% in the first four months of this year compared with the same period last year. Planned spending on commercial projects is down 47%.

Residential intentions took a heftier hit, down 64.4%, while the latest **Canada Mortgage and Housing Corp.** stats on housing starts indicate a 67% decrease in starts for the first five months of 2009 versus the same period a year earlier.

Downtown vacancies stable

Cruising the byways of the 905, the residential belt around Toronto that's known by its area code, it was hard to avoid the plethora of signs advertising move-in incentives and reduced pricing on new homes.

Condo developers in downtown Toronto have also been enticing buyers with new lower pricing, seeking to move product rather than have it on their books.

Vancouver, as **Bob Rennie** recently told the **Urban Development Institute**, isn't in danger of having too many completed condos awaiting buyers.

And a recent paper from **Bing Thom Architects** goes a step further, arguing that Vancouver's downtown condos aren't as empty as many people think they are.

Citing data from **BC Hydro** for the two years ending December 2007, the paper pegs the number of vacant condo units downtown at between 5.5% and 8.5%.

The lower figure, representing units using less than 75 kilowatts of electricity a month, is slightly higher than the 4% figure cited in a July 2004 staff report to Vancouver councillors, but still below the 9% maximum the 2004 report identified.

It also concurs with the information this column reported in December 2007, in which **Statistics Canada** reported a rising number of vacant units downtown – but not out of proportion to the number of units added to the downtown condo stock.

The paper nevertheless raises a number of questions, including whether downtown condos are appropriate for raising families given that 10% of those sampled are two-bedroom units.

The paper challenges readers to question whether the paucity of two-bedroom units is appropriate while acknowledging that studios and one-bedroom units provide an affordable option for first-time buyers seeking to enter the housing market.

Merger designs

Vancouver-based design and construction firm **Omicron** has acquired Calgary-based **BCMP Architects**, bringing 200-odd designers and builders.

A value wasn't disclosed for the merger, which Omicron managing principal **Bill Tucker** described in a statement as solidifying Omicron's presence in Alberta while allowing the combined firms to pursue "larger and more varied projects" across Western Canada.

Following a transition period, the two companies will operate under the Omicron brand. ■

pmitham@telus.net

BRIEFS

Timber and paper companies challenge municipal property tax regimes in British Columbia

Catalyst Paper Corp. and **TimberWest Forest** have filed petitions in **B.C. Supreme Court** challenging the tax burden placed on the companies by municipal taxation rates.

Catalyst is challenging levies in North Cowichan, Port Alberni, Campbell River and Powell River.

TimberWest also filed court documents challenging recent tax increases in Campbell River.

Catalyst claims it paid more than $8 for every $1 worth of municipal services it used in North Cowichan in 2008: $6.8 million in taxes for about $1 million worth of services.

It claims it paid more than $10 for every $1 worth of municipal services it consumed in Port Alberni in 2008: $5.4 million in taxes for approximately $600,000 worth of services.

In Campbell River, Catalyst claims it paid more than $7 for every $1 worth of municipal services or $6.2 million in tax for roughly $1 million in municipal services.

According to court documents, Catalyst paid more than $3 for every $1 worth of municipal services it used in Powell River in 2008.

Catalyst claims it initiated court action as a last resort after years of trying to work with municipal governments.

It alleged that, relative to assessment and consumption, Catalyst's municipal taxes are far higher than those levied on any other individual or class of taxpayer and are therefore unreasonable and illegal.

TimberWest has asked the court to quash and set aside a Campbell River bylaw that sets the tax rates for managed forest land and a new five-year financial plan bylaw that contemplates an increase in the tax rate for managed forest land.

apetrozzi@biv.com